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**HF 2477** – Mechanic's Lien, Chapter 572 Revision (LSB 5016HV)  
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Fiscal Note Version – New

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### **Description**

**House File 2477** relates to mechanics' liens including the establishment of a State Construction Registry (SCR) for residential construction property.

The SCR is a centralized computer database maintained and posted on the internet by the Iowa Finance Authority (IFA) that provides a central repository for the submission and management of preliminary notices and notices of commencement of work on all residential construction properties.

The Bill requires a general contractor or owner-builder to submit a notice to the IFA or post a notice to the SCR to establish a lien.

The Bill provides for the creation of the SCR for residential construction property for the posting of notices by general contractors, owner-builders, and subcontractors, to protect their lien rights. The SCR, once created, is required to be a publicly accessible centralized electronic database created and maintained by the IFA.

The IFA is required to adopt rules for the creation and administration of the SCR. The SCR is to be funded through the collection of fees to be deposited in the State Construction Registry Fund created within the IFA.

The Bill eliminates the requirement that the clerk of court make an abstract of a claim for a mechanic's lien. However, clerks will be required to index claims in the office of the county where the real estate is located.

The Bill takes effect July 1, 2011.

### **Assumptions**

- There will be approximately 15,000 preliminary notice filings during FY 2011 and 19,000 during FY 2012 and each year thereafter.
- There will be approximately 14,000 commencement filings during FY 2011 and 17,000 during FY 2012 and each year thereafter.
- The Iowa Finance Authority will establish by rule a fee of \$4 for preliminary notice filings and \$7 for commencement filings.
- The IFA will advance start-up funding from available non-General Fund resources to be repaid from filing fees.

**Fiscal Impact**

[House File 2477](#) will not have a fiscal impact on the courts. The courts will now be indexing claims instead of making an abstract.

The SCR will receive approximately \$158,000 in fees during FY 2012. The establishment and administration of the SCR by the IFA will cost a total of approximately \$158,000 over FY 2011 and FY 2012. The IFA will use available non-General Fund resources for cash flow purposes during FY 2011 until fees are received in FY 2012.

For FY 2013, and each year thereafter, fee revenue and IFA expenses are both estimated to be \$195,000.

**Sources**

Iowa Finance Authority  
Judicial Branch

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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